ALLIED FARMERS

Chair Address

For the year ending 30 June 2023 we reported an Allied Group net profit before tax of $4.071 million, compared to $3.556 million for 2022. However, this is a consolidated group result that includes profit attributable to NZ Farmers Livestock's minority shareholders, and therefore it is more meaningful to highlight the profit attributable just to our shareholders. For FY23 this was $3.3 million, which was a pleasing increase of 16.06% from the previous year's $2.9 million, which in itself was an outstanding year.

Richard will provide more detail in his presentation, but the increased FY23 profit was driven by increased returns from NZ Farmers Livestock - largely from veal processing - but offset by lower transaction and performance fees from NZ Rural Land Management.

The highlight for the year was the acquisition in March of the 50% balance of NZ Rural Land Management. We are pleased to now own 100% of NZ Rural Land Management, and are confident that it will continue to demonstrate that it has been an excellent investment for Allied. The acquisition led to governance changes, with NZ Rural Land Management co-founder Richard Milsom appointed our Managing Director, and myself accepting the role as Chair to replace retiring Chair, Chris Swasbrook.

We were pleased to be able to fund the NZ Rural Land Management acquisition without a capital raise. It was funded by a mix of cash, debt and the transfer to the vendors of a number of NZ Rural Land Company shares owned by Allied Farmers. The debt component has improved Allied Farmers's capital funding mix.

The appointment of Richard as Managing Director provided us with the opportunity to establish, consistent with many other NZX issuers, a Long-Term Incentive Scheme comprising of Performance Share Rights. Together with Richard's Short-Term Incentive Scheme, we now have in place incentives for him that are strongly aligned to the creation of longer-term shareholder value.

In FY22 Allied Farmers implemented initiatives to reduce several recurring corporate costs. The full benefit of these recuring cost reductions was realised in FY23.

Similarly to FY22, the Board has decided to not pay a dividend for the FY23 financial year. We continue to utilise tax losses, and therefore paying unimputed dividends is not the best use of your funds. The Board strongly believes that in the short term, retaining and redeploying earnings is in your best interests. Richard will discuss the tax losses in more detail in his presentation.

The Board continues to focus on delivering earnings per share growth for shareholders, and exploring growth opportunities that leverage its core strengths in the rural and asset management sectors.

Shelley Ruha
Chair